

TOWNSHIP OF WOODHULL
REPORT ON FINANCIAL STATEMENTS
(with supplemental and additional information)
YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF WOODHULL	County SHIAWASSEE
Audit Date 3/31/04	Opinion Date 6/16/04	Date Accountant Report Submitted to State: 8/31/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the Notes, and in the report of comments and recommendations.

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) MANER, COSTERISAN & ELLIS, P.C.			
Street Address 544 CHERBOURG DRIVE, SUITE 200	City LANSING	State MI	ZIP 48917
Accountant Signature <i>Maner, Costerisan & Ellis, P.C.</i>		Date 8/31/2004	

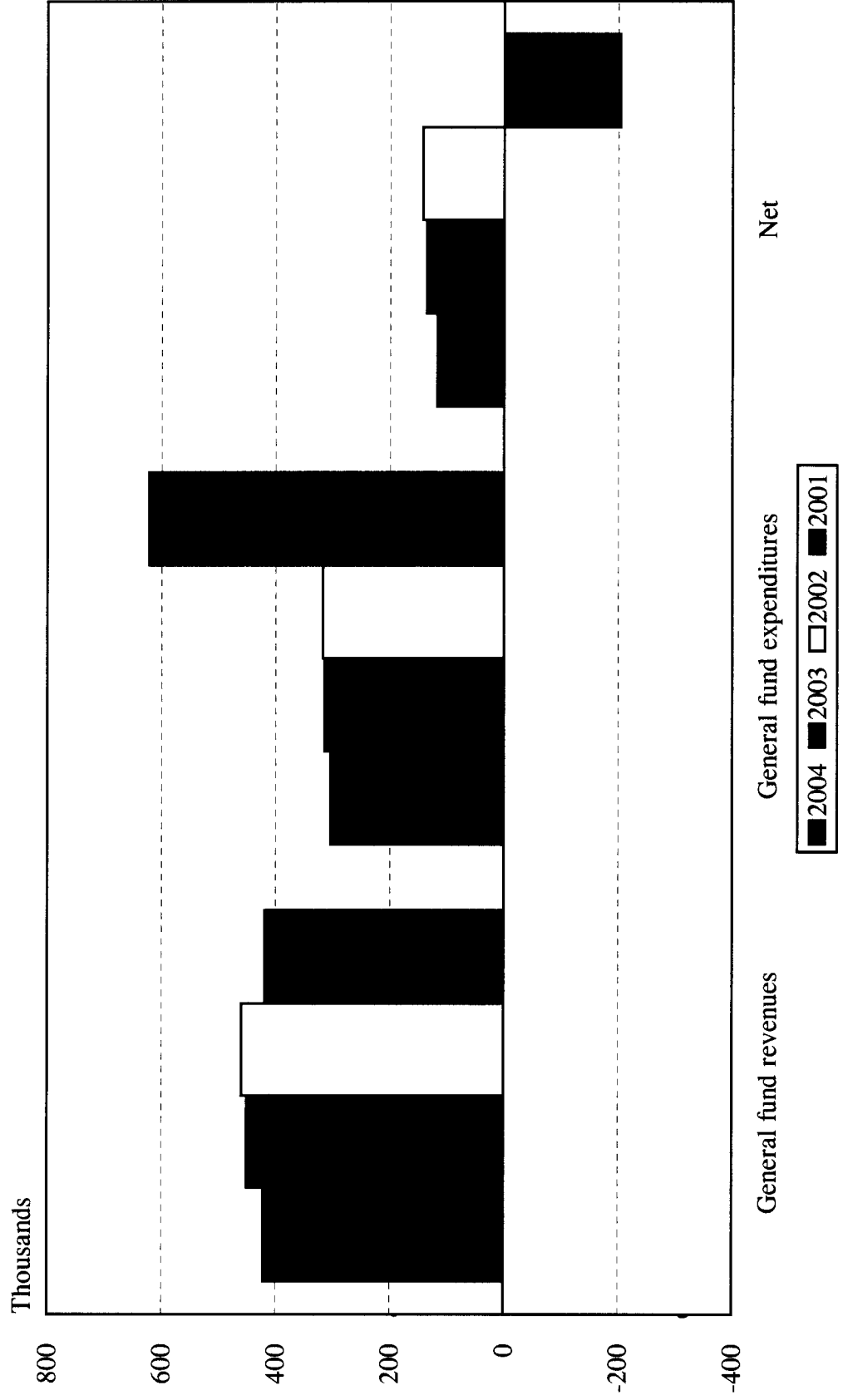
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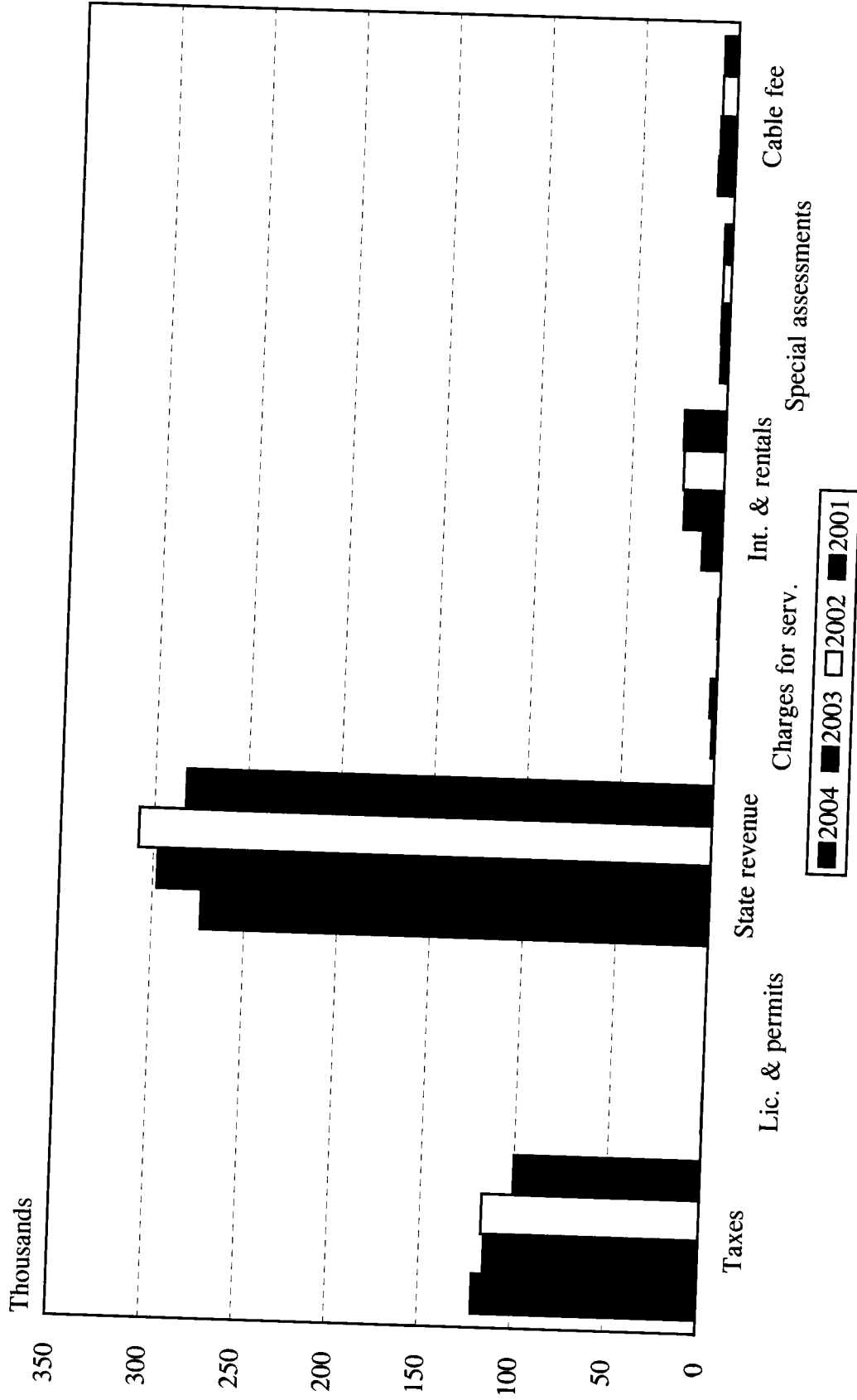
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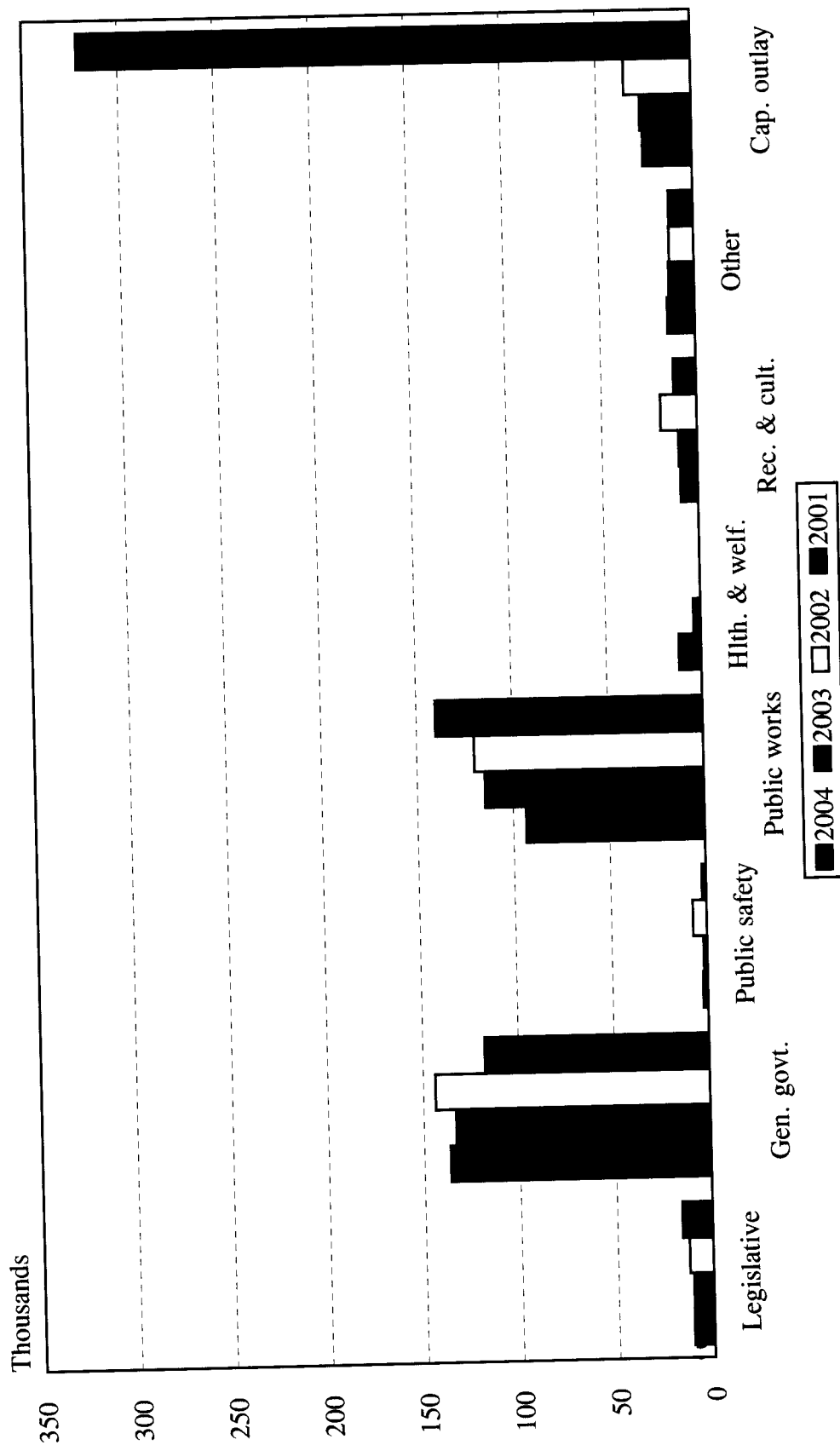
**TOWNSHIP OF WOODHULL
GENERAL FUND
YEARS ENDED MARCH 31,**



**TOWNSHIP OF WOODHULL
GENERAL FUND REVENUES
YEARS ENDED MARCH 31,**



**TOWNSHIP OF WOODHULL
GENERAL FUND EXPENDITURES
YEARS ENDED MARCH 31,**





Maner,
Costerisan
& Ellis, P.C.
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Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

June 16, 2004

We have audited the accompanying general purpose financial statements of the Township of Woodhull as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Woodhull as of March 31, 2004, and the results of its operations and cash flows of its non-expendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maner, Costerisan & Ellis, P.C.

TOWNSHIP OF WOODHULL
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004
with comparative totals for March 31, 2003

	Governmental fund types			Fiduciary fund types		Account group		Totals	
	General	Special revenue	Capital project	Trust and agency	General fixed assets	2004	2003		
ASSETS									
Cash	\$ 596,601	\$ 95,761	\$	\$ 82,122	\$	\$ 774,484	\$ 563,087		
Investments	317,285					317,285	309,616		
Receivables:									
Accounts receivable	9,007					9,007	8,590		
Taxes - current and delinquent	8,268					8,268	7,592		
Due from other funds	67,267	6,998	75,764	5,502		155,531	75,290		
Due from other governmental units				1,844		1,844	1,844		
Fixed assets					957,697	957,697	943,034		
	\$ 998,428	\$ 102,759	\$ 75,764	\$ 89,468	\$ 957,697	\$ 2,224,116	\$ 1,909,053		

LIABILITIES, FUND EQUITY AND OTHER CREDITS

Liabilities:

Accounts payable	\$ 11,756	\$	\$	\$	\$ 11,756	\$	100
Accrued payroll and related withholding	8,325				8,325		7,330
Due to other funds	81,266	40,000		34,265	155,531		75,290
Due to other governmental units	2,498			19,463	21,961		10,007
Total liabilities	103,845	40,000		53,728	197,573		92,727

Equity and other credits:

Investment in general fixed assets					957,697		943,034
Fund balance:							
Reserved for cemetery perpetual care				35,740	35,740		33,813
Designated for:							
Subsequent year expenditures	11,200				11,200		
Cemetery department	27,267				27,267		27,267
Parks department	26,806				26,806		26,806
Fire building	157,000				157,000		120,000
Fire well	30,000				30,000		30,000
Unreserved, undesignated	642,310	62,759	75,764		780,833		635,406
Total equity and other credits	894,583	62,759	75,764	35,740	957,697	2,026,543	1,816,326
	\$ 998,428	\$ 102,759	\$ 75,764	\$ 89,468	\$ 957,697	\$ 2,224,116	\$ 1,909,053

See notes to financial statements.

TOWNSHIP OF WOODHULL
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

YEAR ENDED MARCH 31, 2004
with comparative totals for year ended March 31, 2003

	Governmental fund types			Totals memorandum only	
	General	Special revenue	Capital project	2004	2003
REVENUES:					
Taxes	\$ 121,002	\$ 246,420	\$	\$ 367,422	\$ 339,722
Licenses and permits	331			331	75
State revenue sharing	273,567			273,567	297,447
Charges for services	2,067			2,067	3,431
Interest and rentals	10,651	367		11,018	21,835
Special assessments	4,447			4,447	4,578
Cable franchise fee	9,214			9,214	8,590
Total revenues	421,279	246,787		668,066	675,678
EXPENDITURES:					
Legislative	10,592			10,592	10,455
General government	136,338			136,338	133,112
Public safety	2,489	158,986		161,475	136,666
Public works	93,286			93,286	114,559
Health and welfare	11,689			11,689	3,896
Recreation and cultural	9,159			9,159	9,925
Other	14,437			14,437	13,463
Capital outlay	25,793		11,670	37,463	117,008
Total expenditures	303,783	158,986	11,670	474,439	539,084

	Governmental fund types			Totals Memorandum only	
	General	Special revenue	Capital project	2004	2003
EXCESS OF REVENUES (EXPENDITURES)	\$ 117,496	\$ 87,801	\$ (11,670)	\$ 193,627	\$ 136,594
OTHER FINANCING SOURCES (USES):					
Operating transfer in			87,434	87,434	30,000
Operating transfer out		(87,434)		(87,434)	(30,000)
Total other financing sources (uses)		(87,434)	87,434		
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	117,496	367	75,764	193,627	136,594
FUND BALANCES, beginning of year	777,087	62,392		839,479	702,885
FUND BALANCES, end of year	\$ 894,583	\$ 62,759	\$ 75,764	\$ 1,033,106	\$ 839,479

See notes to financial statements.

TOWNSHIP OF WOODHULL
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

	General fund			Special revenue fund		
	Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)
REVENUES:						
Taxes	\$ 135,716	\$ 121,002	\$ (14,714)	\$ 249,831	\$ 246,420	\$ (3,411)
Licenses and permits	275	331	56			
State revenue sharing	276,756	273,567	(3,189)			
Charges for services	300	2,067	1,767			
Interest and rentals	23,300	10,651	(12,649)		367	367
Special assessment	4,500	4,447	(53)			
Cable franchise fee	8,000	9,214	1,214			
Total revenues	448,847	421,279	(27,568)	249,831	246,787	(3,044)
EXPENDITURES:						
Legislative	27,500	10,592	16,908			
General government	178,992	136,338	42,754			
Public safety	6,825	2,489	4,336	155,658	158,986	(3,328)
Public works	100,309	93,286	7,023			
Health and welfare	11,689	11,689				
Recreation and cultural	15,735	9,159	6,576			
Other	36,999	14,437	22,562			
Capital outlay	72,198	25,793	46,405			
Total expenditures	450,247	303,783	146,564	155,658	158,986	(3,328)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,400)	117,496	118,996	94,173	87,801	(6,372)
OTHER FINANCING USES:						
Operating transfer out					(87,434)	(87,434)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,400)</u>	117,496	<u>\$ 118,996</u>	<u>\$ 94,173</u>	367	<u>\$ (93,806)</u>
FUND BALANCES, beginning of year		<u>777,087</u>			<u>62,392</u>	
FUND BALANCES, end of year		<u>\$ 894,583</u>			<u>\$ 62,759</u>	

See notes to financial statements.

**TOWNSHIP OF WOODHULL
STATEMENTS OF REVENUES, TRANSFERS AND
CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE
NON-EXPENDABLE TRUST
CEMETERY PERPETUAL CARE FUND
YEARS ENDED MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES:		
Sale of plots	\$ 1,575	\$ 2,800
Interest	<u>352</u>	<u>822</u>
Total operating revenues	1,927	3,622
FUND BALANCE, beginning of year	<u>33,813</u>	<u>30,191</u>
FUND BALANCE, end of year	<u><u>\$ 35,740</u></u>	<u><u>\$ 33,813</u></u>

See notes to financial statements.

TOWNSHIP OF WOODHULL
STATEMENTS OF CASH FLOWS - FIDUCIARY FUND TYPE
NON-EXPENDABLE TRUST
CEMETERY PERPETUAL CARE FUND
YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities		
Operating income	\$ 1,927	\$ 3,622
Adjustments to reconcile operating income to net cash provided by operating activities:		
Due from other funds		<u>1,450</u>
Net cash provided by operating activities	1,927	5,072
CASH, beginning of year	<u>61,080</u>	<u>56,008</u>
CASH, end of year	<u><u>\$ 63,007</u></u>	<u><u>\$ 61,080</u></u>

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Woodhull have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Woodhull include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. Fire protection services are provided through the Laingsburg, Sciota, Victor, Woodhull Fire Authority. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Concluded)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital project funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a non-expendable trust fund or an expendable trust fund is used. The terms "non-expendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The Township is not a trustee of an expendable trust fund. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Concluded)

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within sixty days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue and charges for services. Fines and permits revenue are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by non-expendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Township reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular Township Board meeting in April, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. After the annual meeting in March and prior to April 1, the budget is legally enacted through passage of a motion.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting (Concluded)

4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue fund.
6. Budgets for the general fund and special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

E. Cash and Investments

Cash includes amounts in demand deposits. Short-term investments include instruments allowed by state statute subsequently described. Short-term investments are carried at cost or amortized cost.

For purposes of the statement of cash flows, the Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be considered cash and short-term investments.

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed assets account group.

Assets in the general fixed assets account group are not depreciated.

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. Cemetery Perpetual Care Fund

The cemetery perpetual care fund receives 50% of the selling price of developed lots as the lots are sold. The remaining portion is retained by the general fund to care for ongoing cemetery operations. The cemetery perpetual care fund is accounted for in the non-expendable trust fund.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Memorandum Only - Total Columns

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

L. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2 - CASH AND INVESTMENTS

Cash

Cash and investments are held separately by each of the Township's funds.

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,091,769 and the bank balance was \$1,115,506. Of the bank balance, \$567,320 was covered by federal depository insurance with the remaining balance uninsured and uncollateralized. The cash carrying amount includes \$1,289 of deposits in transit and \$25,026 of outstanding checks.

The captions on the combined balance sheet related to cash and investments and the amounts in the total (memorandum only) column are as follows:

Cash	\$ 774,484
Investments in certificates of deposits	<u>317,285</u>
Total	<u><u>\$ 1,091,769</u></u>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at March 31, 2004 were:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General fund	\$ 67,267	\$ 81,266
Special revenue funds:		
Tax improvement revolving fund	6,998	
General fund		40,000
Capital project fund:		
General fund	75,764	
Non-expendable trust fund:		
Cemetery perpetual care fund		27,267
Agency fund:		
Current tax collection fund	<u>5,502</u>	<u>6,998</u>
	<u>\$ 155,531</u>	<u>\$ 155,531</u>

NOTE 4 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>Balance March 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Land	\$ 36,767	\$	\$	\$ 36,767
Buildings	494,715	23,162	10,474	507,403
Improvements other than buildings	117,101			117,101
Machinery and equipment	55,234			55,234
Playground equipment	44,494			44,494
Office equipment and furniture	61,577	617	10,312	51,882
Townhall banquet furnishings	10,950			10,950
Investment in fire authority	122,196			122,196
Construction in progress	<u> </u>	<u>11,670</u>	<u> </u>	<u>11,670</u>
Total	<u>\$ 943,034</u>	<u>\$ 35,449</u>	<u>\$ 20,786</u>	<u>\$ 957,697</u>

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PROPERTY TAX

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9363 per \$1,000 of assessed valuation for general government services.

An additional levy of one mill was approved by the voters. The levy was approved for a ten year period (1994 through 2003). This levy will be used to provide fire, emergency services, including maintaining and operating a fire department, fire hall and related equipment.

NOTE 6 - PENSION PLAN

The Township of Woodhull has a Group Pension Plan which was established on May 1, 1984. This defined contribution plan covers only the board members of the Township. Vesting occurs upon entry into the plan. The contribution rate is set within the plan to increase at each \$1,000 increment of wages paid. The Township contributes 75% of the calculated annual contribution, with the employee contributing 25%. An employee may contribute an additional amount up to 10% of compensation. Total payroll expense for 2004 and 2003 were \$95,301 and 90,600, respectively. The amount of payroll covered under the plan and corresponding pension costs for 2004 and 2003 amounted to \$47,625 and \$45,501, respectively.

NOTE 7 - RELATED-PARTY TRANSACTIONS

As described in Note 1, Woodhull Township participates in a joint fire operation with the City of Laingsburg, Sciota Township and Victor Township. Fire Department operations are the responsibility of the Fire Authority. Transactions between the Fire Authority and Woodhull Township consist mainly of millage transfers for Woodhull Township's share of fire department operations. Total payments to the Fire Authority amounted to \$99,311 and \$179,835 in 2004 and 2003, respectively, and are recorded in a special revenue fund.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - JOINT VENTURE

Under authorization of State of Michigan statutes, Woodhull Township joined the City of Laingsburg and the townships of Sciota and Victor to form the Laingsburg, Sciota, Victor and Woodhull Fire Authority which provides fire protection services, emergency medical services and other emergency or safety services. Each governmental unit provides one member to the Board of Directors of the Fire Authority. The operating and capital budgets are funded by contributions from each government based on their respective tax valuations as they bear to total tax valuations.

Audited financial statements of the Fire Authority may be obtained from the Laingsburg, Sciota, Victor, Woodhull Fire Authority, 114 Woodhull Street, P.O. Box 96, Laingsburg, Michigan 48848. Condensed financial information of the Fire Authority as of March 31, 2004 is as follows:

Assets	\$ 511,105
Liabilities	\$ 130,010
Fund equity	<u>381,095</u>
Total liabilities and fund equity	<u>\$ 511,105</u>
Revenues	\$ 314,876
Expenditures	<u>397,401</u>
Excess (deficiency) of revenues over expenditures	(82,525)
Other financing sources (uses) - net	<u>88,836</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 6,311</u>

The Fire Authority does not maintain a general fixed assets account group.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage for the year ended March 31, 2004 or any of the prior three years.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts

NOTE 11 – SUBSEQUENT EVENT

Subsequent to March 31, 2004, the Township finalized plans for the construction of a new fire station with a total estimated cost of approximately \$415,000, all of which is expected to be incurred in the 2004 – 2005 fiscal year. Financing for the new fire station will be derived from property taxes and fund balances of the Township.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Our report on our audit of the general purpose financial statements of the Township of Woodhull appears on page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements, schedules and highlights listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Woodhull. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Maner, Costerian & Ellis, P.C.

Certified Public Accountants

Lansing, Michigan
June 16, 2004

**TOWNSHIP OF WOODHULL
GENERAL FUND
BALANCE SHEETS
MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 596,601	\$ 394,975
Investments	317,285	309,616
Receivables:		
Accounts receivable	9,007	8,590
Taxes - current and delinquent	8,268	7,592
Due from TIRF fund	40,000	40,000
Due from perpetual care	27,267	27,267
	<u>\$ 998,428</u>	<u>\$ 788,040</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 11,756	\$ 100
Accrued payroll and related items	8,325	7,330
Due to other funds	81,266	1,025
Due to other governmental units	2,498	2,498
	<u>103,845</u>	<u>10,953</u>
FUND BALANCE:		
Designated for:		
Subsequent year expenditures	11,200	
Cemetery department	27,267	27,267
Parks department	26,806	26,806
Fire building	157,000	120,000
Fire well	30,000	30,000
Undesignated	642,310	573,014
	<u>894,583</u>	<u>777,087</u>
	<u>\$ 998,428</u>	<u>\$ 788,040</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003**

	2004			2003
	Budget	Actual	Variance favorable (unfavorable)	Actual
TAXES:				
Real property taxes	\$ 102,173	\$ 90,508	\$ (11,665)	\$ 86,321
Trailer park fees	858	708	(150)	916
Property tax administration fee	32,000	29,228	(2,772)	27,094
Other taxes	685	558	(127)	796
Total taxes	135,716	121,002	(14,714)	115,127
LICENSES AND PERMITS	275	331	56	75
STATE REVENUE SHARING	276,756	273,567	(3,189)	297,447
CHARGES FOR SERVICES	300	2,067	1,767	3,431
INTEREST AND RENTALS:				
Interest income	18,500	6,896	(11,604)	16,864
Township hall rental	4,800	3,755	(1,045)	4,300
Total interest and rentals	23,300	10,651	(12,649)	21,164
SPECIAL ASSESSMENTS	4,500	4,447	(53)	4,578
CABLE FRANCHISE FEES	8,000	9,214	1,214	8,590
TOTAL REVENUES	\$ 448,847	\$ 421,279	\$ (27,568)	\$ 450,412

TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003

	<u>2004</u>		<u>2003</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
LEGISLATIVE:				
Township board:				
Salaries	\$ 10,000	\$ 5,925	\$ 4,075	\$ 5,001
Postage	900		900	750
Memberships and dues	2,100	1,984	116	1,999
Transportation	350	273	77	196
Printing and publishing	1,207	1,206	1	526
Rentals	150	101	49	96
Miscellaneous	12,793	1,103	11,690	1,887
Total legislative	<u>27,500</u>	<u>10,592</u>	<u>16,908</u>	<u>10,455</u>
GENERAL GOVERNMENT:				
Township supervisor:				
Salaries-elected	13,500	13,500		12,799
Salaries-hourly	500		500	
Office supplies	350	295	55	440
Postage	200	9	191	16
Transportation	300	132	168	139
Miscellaneous	575	135	440	105
Capital outlay	100		100	
Total township supervisor	<u>15,525</u>	<u>14,071</u>	<u>1,454</u>	<u>13,499</u>
Elections:				
Salaries	3,000		3,000	2,282
Transportation	200		200	112
Printing and publishing	200		200	118
Miscellaneous	500		500	1,045
Capital outlay				75
Total elections	<u>3,900</u>		<u>3,900</u>	<u>3,632</u>

TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003

	2004		2003	
	Budget	Actual	Variance favorable (unfavorable)	Actual
GENERAL GOVERNMENT (Continued):				
Attorney	\$ 2,500	\$ 547	\$ 1,953	\$ 764
Auditor	8,000	7,950	50	7,500
Assessors:				
Salaries	18,100	18,100		17,600
Postage	1,000	703	297	694
Operating supplies	1,000	660	340	681
Capital outlay	7,000		7,000	
Total assessors	27,100	19,463	7,637	18,975
Clerk:				
Salaries - elected	13,000	13,000		12,525
Salaries - hourly	1,000	954	46	614
Office supplies	500	142	358	486
Postage	500	14	486	700
Transportation	350	50	300	147
Printing and publishing	200	130	70	49
Repairs and maintenance	1,500	200	1,300	976
Miscellaneous	350	10	340	20
Capital outlay	2,000	212	1,788	690
Total clerk	19,400	14,712	4,688	16,207
Board of review:				
Salary	1,200	552	648	526
Transportation	120		120	48
Printing and publishing	120	72	48	110
Miscellaneous	25		25	21
Education	300	141	159	200
Total board of review	1,765	765	1,000	905

**TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003**

	2004			2003
	Budget	Actual	Variance favorable (unfavorable)	Actual
GENERAL GOVERNMENT (Continued):				
Treasurer:				
Salaries - elected	\$ 15,200	\$ 15,200	\$	\$ 14,004
Salaries - hourly	4,200	3,712	488	3,444
Office supplies	1,173	1,173		280
Postage	2,400	2,000	400	1,901
Transportation	400	350	50	278
Printing and publishing	4,500	4,488	12	4,311
Repairs and maintenance	1,000	371	629	215
Miscellaneous	292	75	217	
Capital outlay	1,135	617	518	
Total treasurer	30,300	27,986	2,314	24,433
Township hall and grounds:				
Salaries	7,500	6,091	1,409	5,705
Operating supplies	1,000	365	635	487
Telephone	8,000	6,126	1,874	6,285
Insurance and bonds	13,237	13,237		10,263
Public utilities	6,500	4,336	2,164	3,951
Repairs and maintenance	6,000	5,049	951	5,224
Capital outlay	38,763	12,018	26,745	25,775
Total township hall and grounds	81,000	47,222	33,778	57,690
Oakes House:				
Public utilities	300	84	216	84
Capital outlay	20,000		20,000	
Total Oakes House	20,300	84	20,216	84

TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
GENERAL GOVERNMENT (Continued):				
Cemetery:				
Contractual services	\$ 15,300	\$ 14,940	\$ 360	\$ 14,159
Public utilities	200	89	111	99
Repairs and maintenance	2,500	1,356	1,144	1,705
Miscellaneous	200		200	
Capital outlay	5,000		5,000	
	<u>23,200</u>	<u>16,385</u>	<u>6,815</u>	<u>15,963</u>
Total cemetery				
	<u>23,200</u>	<u>16,385</u>	<u>6,815</u>	<u>15,963</u>
Total general government	<u>232,990</u>	<u>149,185</u>	<u>83,805</u>	<u>159,652</u>
PUBLIC SAFETY:				
Firehall:				
Repairs and maintenance	<u>2,000</u>		<u>2,000</u>	<u>1,075</u>
Planning commission:				
Salaries	3,000	2,460	540	885
Transportation	300	29	271	29
Printing and publishing	625		625	
Miscellaneous	900		900	
Capital outlay	2,200	973	1,227	550
	<u>7,025</u>	<u>3,462</u>	<u>3,563</u>	<u>1,464</u>
Total planning commission				
	<u>7,025</u>	<u>3,462</u>	<u>3,563</u>	<u>1,464</u>
Total public safety	<u>9,025</u>	<u>3,462</u>	<u>5,563</u>	<u>2,539</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003**

	2004			2003
	Budget	Actual	Variance favorable (unfavorable)	Actual
PUBLIC WORKS:				
Highways, streets and bridges:				
Road maintenance, materials and supplies	\$ 86,809	\$ 84,328	\$ 2,481	\$ 104,749
Street lighting	13,500	8,958	4,542	9,810
Total public works	100,309	93,286	7,023	114,559
HEALTH AND WELFARE:				
Ambulance service	11,689	11,689		3,896
RECREATION AND CULTURAL:				
Recreation/parks department:				
Salaries	3,500	1,910	1,590	2,210
Contract mowing	7,000	5,744	1,256	6,320
Repairs and maintenance	5,000	1,327	3,673	1,245
Miscellaneous	235	178	57	150
Capital outlay	16,000	11,973	4,027	
Total recreation and cultural	31,735	21,132	10,603	9,925
OTHER FUNCTIONS:				
Retirement - local unit share	12,000	7,250	4,750	6,531
Social security - local unit share	9,000	7,187	1,813	6,932
Contingency	15,999		15,999	
Total other functions	36,999	14,437	22,562	13,463
TOTAL EXPENDITURES	<u>\$ 450,247</u>	<u>\$ 303,783</u>	<u>\$ 146,464</u>	<u>\$ 314,489</u>

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004
with comparative totals for March 31, 2003**

	Township improvement revolving fund	LSVW Fire authority millage fund	Ambulance service millage fund	Totals	
				2004	2003
ASSETS					
Cash	\$ 95,761	\$	\$	\$ 95,761	\$ 95,394
Due from other funds	6,998			6,998	6,998
	<u>\$ 102,759</u>	<u>\$</u>	<u>\$</u>	<u>\$ 102,759</u>	<u>\$ 102,392</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to general fund	\$ 40,000	\$	\$	\$ 40,000	\$ 40,000
Fund balances - undesignated	62,759			62,759	62,392
	<u>\$ 102,759</u>	<u>\$</u>	<u>\$</u>	<u>\$ 102,759</u>	<u>\$ 102,392</u>

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2004
with comparative totals for year ended March 31, 2003**

	Township improvement revolving fund	LSVW Fire authority millage fund	Ambulance service millage fund	Totals	
				2004	2003
REVENUES:					
Taxes	\$	\$ 186,745	\$ 59,675	\$ 246,420	\$ 224,595
Interest income	367			367	671
Total revenues	367	186,745	59,675	246,787	225,266
EXPENDITURES:					
Public safety:					
Fire operations		99,311		99,311	89,917
Ambulance service			59,675	59,675	44,760
Capital outlay					89,918
Total expenditures		99,311	59,675	158,986	224,595
EXCESS OF REVENUES OVER EXPENDITURES	367	87,434		87,801	671
OTHER FINANCING USES:					
Operating transfer out		(87,434)		(87,434)	30,000
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	367			367	30,671
FUND BALANCES, beginning of year	62,392			62,392	31,721
FUND BALANCES, end of year	\$ 62,759	\$	\$	\$ 62,759	\$ 62,392

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
TOWNSHIP IMPROVEMENT REVOLVING FUND
BALANCE SHEETS
MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 95,761	\$ 95,394
Due from other funds	<u>6,998</u>	<u>6,998</u>
	<u><u>\$ 102,759</u></u>	<u><u>\$ 102,392</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to general fund	\$ 40,000	\$ 40,000
Fund balance - undesignated	<u>62,759</u>	<u>62,392</u>
	<u><u>\$ 102,759</u></u>	<u><u>\$ 102,392</u></u>

TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
TOWNSHIP IMPROVEMENT REVOLVING FUND
STATEMENT OF REVENUES, TRANSFERS AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Interest income	\$	\$ 367	\$ 367	\$ 671
OTHER FINANCING SOURCES:				
Operating transfer in				<u>30,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES	<u>\$</u>	<u>367</u>	<u>\$ 367</u>	<u>30,671</u>
FUND BALANCE, beginning of year		<u>62,392</u>		<u>31,721</u>
FUND BALANCE, end of year		<u>\$ 62,759</u>		<u>\$ 62,392</u>

**TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
LSVW FIRE AUTHORITY MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
with comparative actual amounts for year ended March 31, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Fire millage	<u>\$ 188,346</u>	<u>\$ 186,745</u>	<u>\$ (1,601)</u>	<u>\$ 179,835</u>
EXPENDITURES:				
Public safety:				
Fire operations	<u>94,173</u>	<u>99,311</u>	<u>(5,138)</u>	<u>89,917</u>
Capital outlay				<u>89,918</u>
Total expenditures	<u>94,173</u>	<u>99,311</u>	<u>(5,138)</u>	<u>179,835</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>94,173</u>	<u>87,434</u>	<u>(6,739)</u>	
OTHER FINANCING USES:				
Operating transfer out		<u>(87,434)</u>	<u>(87,434)</u>	
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 94,173</u>		<u>\$ (94,173)</u>	
FUND BALANCE, beginning of year				
FUND BALANCE , end of year		<u>\$</u>		<u>\$</u>

TOWNSHIP OF WOODHULL
SPECIAL REVENUE FUNDS
AMBULANCE SERVICE MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED MARCH 31, 2004
 with comparative actual amounts for the year ended March 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Ambulance millage	\$ 61,485	\$ 59,675	\$ (1,810)	\$ 44,760
EXPENDITURES:				
Ambulance operations	<u>61,485</u>	<u>59,675</u>	<u>1,810</u>	<u>44,760</u>
EXCESS OF REVENUES AND EXPENDITURES	<u>\$</u>		<u>\$</u>	
FUND BALANCE, beginning of year				
FUND BALANCE, end of year		<u>\$</u>		<u>\$</u>

**TOWNSHIP OF WOODHULL
CAPITAL PROJECT FUND
BALANCE SHEET
MARCH 31, 2004**

ASSETS

Due from other funds

\$ 75,764

FUND BALANCE

Designated

\$ 75,764

Note - There was not a capital project fund in 2003.

**TOWNSHIP OF WOODHULL
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004**

REVNUES:	\$
EXPENDITURES:	
Capital outlay	<u>11,670</u>
EXCESS OF EXPENDITURES OVER REVENUES	-11,670
OTHER FINANCING SOURCES:	
Operating transfer in	<u>87,434</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	75,764
FUND BALANCE, beginning of year	<u> </u>
FUND BALANCE, end of year	<u><u>\$ 75,764</u></u>

**TOWNSHIP OF WOODHULL
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004
with comparative totals for March 31, 2003**

	Non expendable trust	Agency		Totals	
	Cemetery perpetual care fund	Trailer tax collection fund	Current tax collection fund	2004	2003
ASSETS					
Cash	\$ 63,007	\$	\$ 19,115	\$ 82,122	\$ 72,718
Due from other funds			5,502	5,502	1,025
Due from other governmental units			1,844	1,844	1,844
	<u>\$ 63,007</u>	<u>\$</u>	<u>\$ 26,461</u>	<u>\$ 89,468</u>	<u>\$ 75,587</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 27,267	\$	\$ 6,998	\$ 34,265	\$ 34,265
Due to other governmental units			19,463	19,463	7,509
Total liabilities	27,267		26,461	53,728	41,774
Fund balances:					
Reserved for cemetery perpetual care	35,740			35,740	33,813
	<u>\$ 63,007</u>	<u>\$</u>	<u>\$ 26,461</u>	<u>\$ 89,468</u>	<u>\$ 75,587</u>

**TOWNSHIP OF WOODHULL
NON-EXPENDABLE TRUST
CEMETERY PERPETUAL CARE FUND
BALANCE SHEETS
MARCH 31, 2004 AND 2003**

ASSETS	<u>2004</u>	<u>2003</u>
Cash	\$ 63,007	\$ 61,080
Due from the general fund		
	<u>\$ 63,007</u>	<u>\$ 61,080</u>
 LIABILITIES AND FUND BALANCE		
Due to general fund	\$ 27,267	\$ 27,267
Fund balance - reserved for cemetery perpetual care	<u>35,740</u>	<u>33,813</u>
	<u>\$ 63,007</u>	<u>\$ 61,080</u>

**TOWNSHIP OF WOODHULL
NON-EXPENDABLE TRUST
CEMETERY PERPETUAL CARE FUND
STATEMENT OF REVENUES AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES:		
Sale of plots	\$ 1,575	\$ 2,800
Interest	<u>352</u>	<u>822</u>
Total operating revenues	1,927	3,622
FUND BALANCE, beginning of year	<u>33,813</u>	<u>30,191</u>
FUND BALANCE, end of year	<u><u>\$ 35,740</u></u>	<u><u>\$ 33,813</u></u>

**TOWNSHIP OF WOODHULL
NON-EXPENDABLE TRUST
CEMETERY PERPETUAL CARE FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
INCREASE (DECREASE) IN CASH:		
Cash flows from operating activities		
Operating income	\$ 1,927	\$ 3,622
Adjustments to reconcile operating income to net cash provided by operating activities:		
Due from other funds		<u>1,450</u>
Net cash provided by operating activities	<u>1,927</u>	<u>5,072</u>
CASH, beginning of year	<u>61,080</u>	<u>56,008</u>
CASH, end of year	<u><u>\$ 63,007</u></u>	<u><u>\$ 61,080</u></u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2004

TOTAL ALL AGENCY FUNDS	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2004</u>
ASSETS				
Cash	\$ 11,638	\$ 2,825,590	\$ 2,818,113	\$ 19,115
Due from general fund	1,025	4,477		5,502
Due from other governmental units	<u>1,844</u>	<u></u>	<u></u>	<u>1,844</u>
	<u>\$ 14,507</u>	<u>\$ 2,830,067</u>	<u>\$ 2,818,113</u>	<u>\$ 26,461</u>
LIABILITIES				
Due to general fund	\$	\$ 141,362	\$ 141,362	\$
Due to special assessment fund	6,998			6,998
Due to LSVW fire authority	53	186,745	186,745	53
Due to county	5,239	1,178,378	1,166,424	17,193
Due to intermediate school district	1,142	382,227	382,227	1,142
Due to community college		20,538	20,538	
Due to schools	1,043	852,049	852,049	1,043
Due to others	<u>32</u>	<u>68,768</u>	<u>68,768</u>	<u>32</u>
	<u>\$ 14,507</u>	<u>\$ 2,830,067</u>	<u>\$ 2,818,113</u>	<u>\$ 26,461</u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
ASSETS				
Cash	\$ 11,638	\$ 2,821,835	\$ 2,814,358	\$ 19,115
Due from general fund	1,025	4,477		5,502
Due from other governmental units	1,844			1,844
	<u>\$ 14,507</u>	<u>\$ 2,826,312</u>	<u>\$ 2,814,358</u>	<u>\$ 26,461</u>

LIABILITIES				
Due to general fund	\$	\$ 140,736	\$ 140,736	\$
Due to special assessment fund	6,998			6,998
Due to LSVW fire authority	53	186,745	186,745	53
Due to county	5,239	1,177,752	1,165,798	17,193
Due to intermediate school districts	1,142	382,227	382,227	1,142
Due to community college		20,538	20,538	
Due to schools	1,043	849,546	849,546	1,043
Due to others	32	68,768	68,768	32
	<u>\$ 14,507</u>	<u>\$ 2,826,312</u>	<u>\$ 2,814,358</u>	<u>\$ 26,461</u>

TRAILER TAX COLLECTION FUND

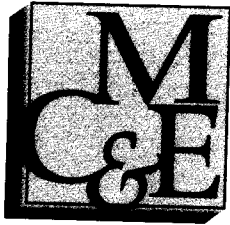
ASSETS				
Cash	\$	\$ 3,755	\$ 3,755	\$
LIABILITIES				
Due to general fund	\$	\$ 626	\$ 626	\$
Due to county		626	626	
Due to schools		2,503	2,503	
	<u>\$</u>	<u>\$ 3,755</u>	<u>\$ 3,755</u>	<u>\$</u>

**TOWNSHIP OF WOODHULL
GENERAL FIXED ASSET ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS
MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
General fixed assets:		
Land	\$ 36,767	\$ 36,767
Buildings	507,403	494,715
Improvements other than buildings	117,101	117,101
Machinery and equipment	55,234	55,234
Playground equipment	44,494	44,494
Office furniture and equipment	51,882	61,577
Township banquet furnishings	10,950	10,950
Investment in fire authority	122,196	122,196
Construction in progress	<u>11,670</u>	
Total general fixed assets	<u>\$ 957,697</u>	<u>\$ 943,034</u>
Investment in general fixed assets	<u>\$ 957,697</u>	<u>\$ 943,034</u>

TOWNSHIP OF WOODHULL
GENERAL FIXED ASSETS ACCOUNT GROUP
ANALYSIS OF CHANGES IN GENERAL FIXED ASSETS

	Land	Buildings	Improvements other than buildings	Machinery and equipment	Playground equipment	Office furniture and equipment	Townhall banquet furnishings	Investment in fire authority	Construction in progress	Total
Balance, April 1, 2002	\$ 35,217	\$ 492,323	\$ 98,315	\$ 55,234	\$ 44,494	\$ 62,840	\$ 10,950	\$ 122,196	\$	\$ 921,569
Additions	1,550	2,392	18,786			1,544				24,272
Deductions						(2,807)				(2,807)
Balance, March 31, 2003	36,767	494,715	117,101	55,234	44,494	61,577	10,950	122,196		943,034
Additions		23,162				617			11,670	35,449
Deductions		(10,474)				(10,312)				(20,786)
Balance, March 31, 2004	\$ 36,767	\$ 507,403	\$ 117,101	\$ 55,234	\$ 44,494	\$ 51,882	\$ 10,950	\$ 122,196	\$ 11,670	\$ 957,697



**Maner,
Costerisan
& Ellis, P.C.**
Certified Public Accountants

Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raack
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyné

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

June 16, 2004

To the Audit Committee
Township of Woodhull
Shiawassee County, Michigan

We have audited the financial statements of Township of Woodhull for the year ended March 31, 2004, and have issued our report thereon dated June 16, 2004. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 14, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Township of Woodhull. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Woodhull are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2003/2004 fiscal year. We noted no transactions entered into by Township of Woodhull during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Woodhull, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process. The significant year-end entries for the general fund are as follows:

Net income prior to year-end agreements	\$ 112,243
Reverse prior year and record current year accounts receivable	416
Reverse prior year and record current year accounts payable	14
Reverse prior year and record current year accrued payroll	(1,043)
Adjust interest income	6,043
Adjust pension expense	3,624
Adjust due from tax fund	(4,477)
Other	676
	<hr/>
Net income after year-end adjustments	<u>\$ 117,496</u>

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Woodhull's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

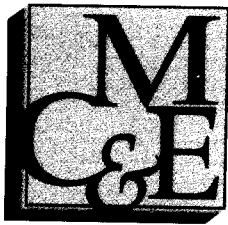
8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of Audit Committee and management of the Township of Woodhull and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner, Costeison + Ellis, P.C.



Maner,
Costerisan
& Ellis, P.C.
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June 16, 2004

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shaftsburg, Michigan

In planning and performing our audit of the financial statements of the Township of Woodhull for the year ended March 31, 2004, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Investigate Differences between the Bank Statement Balance and the General Ledger

During our audit procedures, we noted that the bank reconciliation did not agree to the general ledger by a substantial amount. This variance was due primarily to the transfer of the capital outlay portion of the Fire Authority millage to the general fund rather than to the Fire Authority. It is important, for control over cash, that this account is reconciled to both the checkbook and the general ledger. This incident coupled with the comments below regarding the need for independent review of supporting documentation of expenditures and an independent review of the bank reconciliation creates a significant control issue.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the lack of reconciliation between the bank statement and the general ledger, coupled with a lack of independent review of the bank reconciliation, is a material weakness.

During our audit we became aware of additional matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated June 16, 2004, on the financial statements of the Township of Woodhull.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Prior Year Comments

GASB Statement # 34 Implementation (Reminder)

As we have discussed in prior years, the new governmental financial statement reporting model will be effective for the Township for the fiscal year ended March 31, 2005. The most significant issue the Township must address is the reporting of fixed assets.

We continue to recommend the Township formally adopt a capitalization threshold. Assets whose original cost exceeds the threshold (\$500 to \$1,000) would be capitalized and depreciated over the asset's useful life. Assets costing less than the threshold would be expensed in the year purchased.

Increase Board Overview (Repeat Comment)

One of the strongest internal controls a small organization has is interest and oversight provided by the Board of Directors. The Township Board currently reviews a listing of expenses for approval. We recommend that during this review process that someone independent of the accounting function review the supporting documentation for expenditures. In order to maintain an adequate segregation of duties the person performing the accounting function should not be an authorized signer on the accounts for which they are responsible.

Increase Fidelity Insurance Coverage (Repeat Comment)

It is our belief that the size of the Township's operations and the amounts of money that are frequently involved in individual transactions indicate that the fidelity bond should carry a higher limitation. The Township Board should review the cost/benefit of increasing this coverage.

Review Bank Statements (Repeat Comment)

At present, the Treasurer receives funds, makes an initial listing of the funds received, records the activity, and prepares the bank reconciliations. In order to enhance the system of internal controls, we recommend someone independent of the accounting function prepare the initial listing of funds received and, after the funds are deposited, compares the initial listing to the bank deposit slip. In addition, someone independent of the accounting and bank reconciliation process should open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation.

An independent review of the bank statement will ensure that unusual items are investigated on a timely basis. While performing this review, the reviewer should review the prior month's bank reconciliation and account for the numerical check sequence each month and from month to month.

Reconcile Bank Accounts on a Timely Basis (Resolved)

During the course of our audit it appears the bank statements were reconciled on a timely basis during the year.

Prohibit the Signing of Blank Checks (Repeat Comment)

We understand there is no prohibition of signing of checks in advance. The Board should establish such a prohibition as policy.

This report is intended solely for the information and use of the Township of Woodhull, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shaftsburg, Michigan

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June 16, 2004

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner, Coetensan + Ellis, P.C.

(J:\lm\2004\WoodhullTownship)